

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SP-02 ICA-11 AID-05 NSC-05

TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 AF-10 EA-10 EUR-12 NEA-10 DODE-00

PM-05 H-01 L-03 PA-01 IO-13 AGRE-00 DOE-15 SOE-02

/171 W

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R 252230Z APR 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 9776

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CORRECTED COPY, PRECEDENCE UPGRADED

E.O. 11652: N/A

TAGS: ETRD, BEXP, XX

SUBJECT: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL
EXPORT POLICY

REF: STATE 095673

1. I AM PLEASED TO HAVE THE OPPORTUNITY TO COMMENT ON THIS VITAL ISSUE, SINCE I AM CONCERNED THAT US COMPANIES ARE BEGINNING TO LOSE OUT TO THIRD COUNTRY SUPPLIERS IN THIS OUR FIFTH LARGEST AND IN THE FUTURE ONE OF OUR FASTEST GROWING FOREIGN MARKETS. THE COMPETITIVENESS OF US COMPANIES WAS A SUBJECT OF DISCUSSION DURING THE MOST RECENT OF MY PERIODIC MEETINGS WITH REPRESENTATIVES OF THE LOCAL U.S. BUSINESS COMMUNITY. THE CONSENSUS WAS THAT U.S. COMPANIES ARE HAVING A MORE DIFFICULT TIME COMPETING, PARTICULARLY AGAINST THE JAPANESE, GERMANS AND FRENCH. THE GROUP WAS SHORT ON SPECIFICS, BUT FELT THAT PART OF THE PROBLEM IS THAT THEIR FOREIGN COMPETITORS RECEIVE MORE
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ASSISTANCE FROM THEIR GOVERNMENTS THAN THE USG PROVIDES.

2. THE FOLLOWING COMMENTS AND SUGGESTIONS ARE AN OUTGROWTH OF THAT MEETING AS WELL AS IDEAS OCCURRING TO MEMBERS OF MY STAFF.

-- THE MORE FORTHCOMING POSTURE OF EX-IM UNDER JOHN

MOORE IS INDEED WELCOME, BUT WE ARE TOLD THAT EX-IM'S FINANCING IS STILL NOT COMPETITIVE IN MANY INSTANCES, PARTICULARLY WITH THE JAPANESE. WE SHOULD IN FUTURE AVOID HAVING EX-IM FINANCING TIED TO POLITICAL CONSIDERATIONS AS HAS HAPPENED IN THE MEXICAN GAS PIPELINE CASE. IF ENVIRONMENTAL IMPACT STATEMENTS WERE TO BE REQUIRED FOR EX-IM LOANS, THE DELAY INVOLVED WOULD FURTHER IMPAIR EX-IM'S COMPETITIVENESS.

-- THE RECENT INCREASE IN THE INCOME TAX LIABILITY FOR U.S. CITIZENS WORKING ABROAD HAS INCREASED COSTS AND, ACCORDING TO THE HEAD OF A LARGE CONSTRUCTION FIRM, SHARPLY REDUCED THE COMPETITIVENESS OF OPERATIONS WHERE PERSONNEL COSTS ARE A LARGE PART OF PRICE.

-- ALTHOUGH IT IS DIFFICULT TO GET A HANDLE ON, WE HAVE THE FEELING THAT OUR COMPANIES ARE DISADVANTAGED HERE BY THE FAILURE OF THEIR COMPETITION TO OBSERVE THE SAME STANDARDS OF BUSINESS CONDUCT. WE SHOULD SEEK TO INDUCE OUR MAJOR COMPETITORS TO IMPOSE THE SAME STANDARDS OF CONDUCT ON THEIR COMPANIES THAT WE REQUIRE OF OURS. EFFORTS ON THIS COULD MOST PROFITABLY CENTER ON DEVELOPED COUNTRY TRADERS RATHER THAN INEFFECTUAL MULTILATERAL AGREEMENTS INVOLVING MAINLY IRRELEVANT COUNTRIES. WE ARE ENCOURAGED BY DEVELOPMENTS ON A BILATERAL WITH MEXICO WHICH MAY SET AN EXAMPLE.

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-- IN OUR EFFORTS TO ASSIST SMALL AND MEDIUM SIZED COMPANIES TO EXPORT WE MAY HAVE NEGLECTED THE LARGER FIRMS IN THE BELIEF THAT THEY CAN TAKE CARE OF THEMSELVES. THESE LARGER FIRMS HAVE THE MOST POTENTIAL FOR MAKING SIGNIFICANT INCREMENTS TO OUR EXPORTS AND, IN OUR EXPERIENCE, FREQUENTLY NEED OFFICIAL ASSISTANCE WHEN COMPETING WITH LARGE FOREIGN COMPETITORS. CLOSER INITIAL CONTACT MIGHT BE ENCOURAGED SO THAT COMPANIES AND MISSIONS COULD EXPLORE POSSIBLE AVENUES OF ASSISTANCE.

-- IN SELECTED CASES CONSIDERATION SHOULD BE GIVEN TO HAVING TOP OFFICIALS, INCLUDING SECRETARIAL LEVEL, MEET BRIEFLY WITH IMPORTANT FOREIGN PURCHASERS.

-- OTHER COUNTRIES SEEM TO DO A GOOD BIT MORE TO FINANCE TRAVEL OF KEY PURCHASING OFFICIALS TO TRADE SHOWS, EXHIBITS, ETC. WE COULD LOOK AT THE POSSIBILITY OF SOME FUNDING FOR ATTENDANCE AT "ALL-US" TRADE EVENTS.

-- MORE RAPID CONVERSION IN THE U.S. TO THE METRIC SYSTEM AND 220 VOLT/50 CYCLE ELECTRICAL STANDARDS WOULD

REDUCE COSTS OF MANY EXPORT LINES.

-- THERE IS LEGISLATION BEFORE CONGRESS THAT WOULD ESTABLISH AGRICULTURAL TRADE OFFICES IN SEVERAL COUNTRIES. THESE OFFICES WOULD BE RESPONSIBLE FOR THE IMPLEMENTATION AND COORDINATION OF ALL USDA EXPORT MARKET PROMOTION ACTIVITIES AND COULD MATERIALLY ASSIST OUR MARKET DEVELOPMENT EFFORTS.

-- INCREASE EFFORTS TO GAIN MARKET ACCESS FOR A NUMBER OF OUR AGRICULTURAL PRODUCTS THAT COMPLEMENT MEXICAN PRODUCTION AND BENEFIT LOW INCOME CONSUMERS AND ARE NOW EXCLUDED.

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-- U.S. EXPORTS TO MEXICO ARE LIMITED, IN THE BROADEST SENSE, BY MEXICO'S STRONGLY PROTECTIONIST IMPORT POLICY.

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INFO OCT-01 ARA-10 ISO-00 SP-02 ICA-11 AID-05 NSC-05
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TO SECSTATE WASHDC PRIORITY 9777

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C O R R E C T E D C O P Y (PRECEDENCE UPGRADED)

THE IMPORT SYSTEM IS UNDERGOING SOME LIBERALIZATION THROUGH THE PROGRESSIVE SHIFT FROM PRIOR IMPORT PERMITS TO

GREATER RELIANCE ON TARIFFS. WE SHOULD CONTINUE TO ENCOURAGE MEXICO TO REDUCE ITS PROTECTIONISM IN THE NOTION THAT OUR PROXIMITY SHOULD PROVIDE US WITH THE LION'S SHARE OF INCREMENTAL IMPORTS FOR WHICH MEXICO IN FUTURE WILL HAVE AN INCREASING NEED AND CAPACITY TO PURCHASE.

3. WE HAVE ATTEMPTED TO SET OUT SOME MAJOR AND RATHER GENERAL POINTS AS SEEN FROM MEXICO THAT WE HOPE WILL SERVE TO SUPPORT SOME OF THE IDEAS UNDER CONSIDERATION BY THE TASK FORCE. LUCEY

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